

Date	Reporting Period	Business License #

Service Income Apportionment Worksheet City of Issaquah

Businesses reporting service income: attach to tax return and mail to:

City of Issaquah, Finance Department, PO Box 1307, Issaquah, WA 98027-1307

For more information contact:

Yeong Chang, Senior Tax Auditor at 425-837-3065 or Kerri Deutsch, Internal Control at 425-837-3049

I. Calculate Apportionable Gross Service Receipt

Enter total gross apportionable service receipts	1a		
Deduct: Deductible service gross receipts (excluding Interstate)	1b		
Total service receipts (subtract line 1b from line 1a) enter amount on this line	1c		

II. Calculate Payroll Factor

Enter total payroll costs within Issaquah	2a		
Enter total payroll costs	2b		
Payroll factor (divide line 2a by line 2b) enter amount on this line	2c		

III. Calculate Service-Income Factor

Enter total service receipts sourced to Issaquah (before deductions)	3a		
Enter total gross service receipts (same as amount on line 1a)	3b		
Service income factor (divide line 3a by 3b) enter amount on this line	3c		

IV. Calculate City Taxable Service Receipts

Total apportionment factor (add lines 2c & 3c) enter on this line	4		
Divide line 4 by 2 (the number 2) enter amount on this line*	5		
City taxable service receipts (multiply line 1c by line 5) enter amount on this line AND on your Tax Return line 6 (Services & Other Business Activities) column 2 (Gross Income).	6		

Services and Other Apportioned to a city by multiplying service income by a payroll factor (based on the payroll within the jurisdiction), plus the service-income factor (based on the income producing activity attributable for tax purposes within the jurisdiction), divided by two.

Formula example:

$$\text{Total Taxable Service Income} \times \frac{(\text{Payroll Factor} + \text{Service Income Factor})}{2}$$

$$\text{Payroll Factor} = \frac{\text{City Compensation Paid}}{\text{Total Compensation Paid Everywhere}}$$

$$\text{Service Income Factor} = \frac{\text{Service Income In City}}{\text{Total Service Income Everywhere}}$$

Why have we sent this worksheet in addition to your tax form? Effective January 1, 2008, the method used to allocate and apportion your revenue between locations for business & occupation (B&O) taxes changed to comply with RCW 35.102.130. This new method uses a two-factor formula to determine how income taxable under the city's service and other B&O tax classification is apportioned between multiple locations when a taxpayer is engaging in business in more than one jurisdiction.

Who should complete the apportionment worksheet? Only those taxpayers that earn gross receipts from activities subject to a city's service and other B&O tax classification and which have a taxable presence in more than one jurisdiction need to complete the worksheet.

**If a business has no employees in any location, such as a sole proprietorship without any employees, then the payroll factor is zero and the apportionment reverts to a single factor formula using the service factor only. In this case divide the service factor by 1.*